

**Exhibit B**

**June 18, 2022 Article Published By The Street**

[Join TheStreet® | SMARTS today for only \\$1!](#)[SUBSCRIBE](#)[HOME](#) > [CRYPTOCURRENCY](#) > [INVESTING](#)

# Luna Crash: Crypto Hedge Fund Three Arrows Seeks a Savior

The fall of cryptocurrencies causes colossal losses to investors and threatens to wipe out certain projects and firms.

LUC OLINGA • JUN 18, 2022 6:56 AM EDT

Who's next?

The cryptocurrency crash for several weeks continues to claim victims.

In addition to retail investors who have lost their savings, institutional investors are also in disarray and more particularly the firms which have funded a large number of crypto projects.

This is the case of Three Arrows Capital (3AC), which has just confirmed the rumors according to which it was having very serious financial difficulties after its investments in projects like Luna turned into disaster.

3AC co-founder Kyle Davies [told](#) the Wall Street Journal that the firm invested over \$200 million in Luna tokens in February, an amount that is now essentially worthless after the coin imploded in May.

"The Terra-Luna situation caught us very much off guard," Davies told the paper.

TerraUSD, or UST, and its sister token, Luna, [crashed](#) after UST lost its peg to the dollar, the foundation of it qualifying as a stablecoin, which is a cryptocurrency tied to a more stable asset like the U.S. dollar or gold.

UST lost its dollar peg when millions of investors all wanted to redeem their tokens at the same time.

From May 9 to May 13, at least \$55 billion of market cap disappeared, causing colossal losses to many investors. On social media, testimonies of financial ruin have followed, as TheStreet Rob Lenihan [previously reported](#).

UST is an algorithmic stablecoin, which is backed not by dollar reserves but rather by its sister asset Luna, which had to be burned, or permanently destroyed, through a computer code.

## 'Equitable Solution'

Algorithmic stablecoins are different from centralized alternatives like tether (USDT) or USD coin (USDC), which are backed by actual dollars or equivalent assets stored in a bank.

3AC said it had suffered heavy losses and said it had hired legal and financial advisors to explore its options, including asset sales and a rescue by another firm and hopes to reach a settlement with creditors, Davies said.

"We are committed to working things out and finding an equitable solution for all our constituents," Davies told the WSJ.

Founded in 2012 by former classmates Su Zhu and Kyle Davies, 3AC had grown into one of the largest and best known crypto hedge funds. The fund had over \$3 billion worth of cryptocurrencies under management as of April.

But the recent crypto market crash appears to have wiped out the hedge fund, which also owes \$6M to crypto exchange BitMex, [according to theBlock.co](#).

"Crypto exchanges FTX, Deribit and BitMEX have liquidated Three Arrows Capital's positions over the past week after the crypto hedge fund known as 3AC failed to meet margin calls" The Block reported, citing anonymous sources.

3AC did not immediately respond to a request for comment.